



UNIVERSITY OF BEDFORDSHIRE

LEADING & MANAGING ORGANIZATIONAL RESOURCES (LMOR)

WEEK 4

Amazon

(Management of productivity and performance and organisational culture with a focus on profit, people and the planet)

(Wiki)

“Critically analyse the challenges and opportunities of effectively and efficiently developing sustainable leadership initiatives including the management of productivity and performance and organisational culture with a focus on profit, people and the planet.”

Amazon- the largest e-commerce giant, established by Jeff Bezos in 1995 as an online bookstore, but it has drastically developed over the years with over 600,000 employees worldwide (Rossman, 2016). In 2018, Amazon was rated the world's second largest company by market value at an average of \$900 billion (Bhatnagar & Jaiswal, 2018). Based on relevant concepts, theories, and facts, this report critically analyzes Amazon's approach to the following and give an overview of Amazon's Corporate Social Responsibility Management and makes recommendations for its future practices;

- Productivity and Performance
- Management of Human Resources
- Sustainability

Productivity and Performance

Amazon's business productivity predominantly refers to the productivity of its Human Resources and automated systems in satisfying customers' orders. In the e-commerce retail operations, the company's employees must progress swiftly in the packaging and shipment of items to attain customers' needs. The following are some of the measures used to ascertain productivity at Amazon;

1. Inventory items processed per hour (inventory productivity)
2. Orders produced or processed per hour (Amazon Fulfillment Center productivity)
3. Inquiries resolved per day (customer service productivity)

Other factors include;

Amazon has employed a strict policy on employee performance, in fact it is so strict that employees are required to sign confidentiality commitments upon resumption of duty. Monitoring is the tool used to ensure that strict policies are adhered to by the employees.

All of Amazon's warehouses are equipped with smart monitoring technology which monitors employees and provides management with the following opportunities:

- Enables the management team to make assessments on weak points in the warehouse - Very often weak points are associated with employees , except when the weak points are created by the management for example, poor placement of windows/ventilation on the building, or very distant auxiliary rooms (restrooms) which prolong washroom breaks and encourage down time.

Because of the management style adopted by Amazon, the company has come in for a lot of criticism and has faced many legal challenges, the ethical framework of the company has come under the radar and their governance model has been heavily criticized. Jeff Bezos is popularly known for his Darwinian style of leadership.

Amazon isn't under attack from just beginner companies, there are large companies with deep pockets ready to dare Amazon, and for example company is Chinese e-commerce giant, Alibaba. It's hoping to acquire \$21 billion in the biggest IPO in history, giving Alibaba leverage in cash to attempt to enter into the U.S. market.

Then, there's Google, who has ramped up its paid product listings inclusion. These listings show products right in Google searches. Amazon-Google is one of the most underreported, but vital, rivalries in tech.

Amazon Prime is a vital element of Amazon's growth strategy. The logic is simple, the more people created Prime Memberships, the more products they procured on the online stores.

Indeed, with Prime, members benefit from faster delivery services, access to Amazon's streaming. This subscription model created a stable and foreseeable income.

Performance

Monitoring staff output and performance is one method of improving productivity but improving staff performance an incentive is another way of motivating staff for high levels of output and also encourages improvement in performance. Critics say those fulfillment center employee endure rigorous working conditions: workers are pressed to "satisfy rate," with some stacking hundreds of boxes per hour, and if rate is not met, can result in employee losing their job. "You've always got somebody right behind you

who's ready to take your job," says Stacy Mitchell, co-director of the Institute for Local Self-Reliance and a prominent Amazon critic.

Management of Human Resources

In 2002, according to Bezos's sensibility grouped into a set of Leadership Principles, a set of truism including "Invent and Simplify," "Bias for Action," and "Have Backbone; Disagree and Commit." The principles, escalated to 14 in number now, are used in job interviews; they are enlightened in orientations; they are the basis of appraisal for employees, performance reviews. However, "Customer Obsession," defines Bezos ultimate commitment to serving its customers, which is reportedly given importance over employees' satisfaction. Amazon currently utilizes an internal tool for providing feedback among employees. Called Anytime Feedback Tool, employees can directly send criticize or compliment their colleague with the system. The feedback is forwarded to the line manager of the person receiving the feedback and the identity of the person giving the review is only known to the manager.

Amazon spokesman Craig Berman informs The New York Times that the tool serves as a way to discuss feedback with one's manager in a way similar to an in person conversation. Another claim made is the way in which Amazon utilizes the feedback system as a basis for creating a list of mediocre performers to let go of annually. Each year Amazon perform Organization Level Reviews, where the top and bottom performers are presented to the board of managers, known as "purposeful Darwinism" by one former Amazon HR director, the system is the traditional 'rank and yank' process in disguise.

Managers reported to The Times that preparing for these reviews is feels like they're prepping for a court case. Often, managers show up at these meeting with evidence to defend their employees against accusations. In some cases, supervisors resort to selecting a scapegoat to retain the most essential team members.

Amazon Web Services is, one of the most vital aspect of Amazon, a conglomeration of server farms around the world, which it rents at low cost as highly secure receptacles for data. Apple, the messaging platform Slack, and scores of start-ups all reside on AWS.

Sustainability

This is another area where Amazon has come in for lots of criticism in the past, after. Amazon's operations emitted approximately 44 million metric tons of CO₂ in respect of 2018 according (Beslik, 2020) which was more than Apple, Microsoft, and FedEx for the same period. Sustainability is a topic which Amazon has been tight lipped about for years even though calls were being made to mega businesses to control their emissions, also invested heavily in electric drones, electric cars and solar energy. They have promised to construct ecofriendly buildings on their path to 2040.

In 2019, Amazon released a sustainability report which outlined a host of promises including becoming one hundred percent carbon free by 2040 and recycled packaging, but then the company's emissions went up another 19% in the year 2020, because of the pandemic, where the lockdown resulted positively for Amazon, since most persons opted for online shopping.

Conclusion

Amazon Inc. has grown to become one of the largest companies in the world with a market reach in every corner of the earth. Amazon has faced much criticism and continue to face criticism on many facets of their operations, including their responsibility to their employees and the planet. There is definitely room for improvement when it comes to the management and governance models utilized by Amazon in relation to human resources.

There are ethical questions being asked of the company every day in many aspects of their operation.

Recommendation

Amazon could contemplate partnering with the public sector, in this regard, Amazon will benefit from the services of public libraries and other facilities allowing potential users to benefit from brochures and search engine services. This service could also offset the antique books. Amazon can consider forging a correlation with book publishers which will allow them to benefit from exclusive launch signing and exclusive offers.

Since Amazon is very dominant in the e-commerce sector, the company has collaboration valued differently in the world's diversified markets. Amazon has many untouched territories with extensive potential such as Africa and depreciated areas in

Asia. The purchase of JOYO- a company acquired by Amazon in August 2004, valued at approximately US \$75 million, where about \$72 million remunerated in cash and \$3 million in stock. The deal included control over other Chinese owned subsidiaries owned by Joyo.com.

In Africa, there are several online companies with which Amazon can partner with to spread its wings such as Africandy, Colletterette and Blogbytes. The partnership will enable the company expand its market hence improving the sales volume.

Another way Amazon can boost employees' confidence is with feedback, being able to initiate their own feedback cycles and share them with team members and managers when they are comfortable. In this way, employees are enabled to take responsibility for their development without worrying about being criticized. 360-degree feedback sessions should be implemented to promote a transparent process. Also to have a more relaxed performance and reward management approach, reducing stressful working environment and assist employees to balance life and work efficiently thus, boosting productivity and performance.